

**JUNIOR ACHIEVEMENT OF  
CENTRAL ONTARIO**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2018**

# **JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO**

**June 30, 2018**

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## Franklin, Daurio LLP Chartered Professional Accountants

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### INDEPENDENT AUDITOR'S REPORT

To the Members of  
**Junior Achievement of Central Ontario**

We have audited the accompanying financial statements of Junior Achievement of Central Ontario, which comprise the statement of financial position as at June 30, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-For-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Junior Achievement of Central Ontario as at June 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

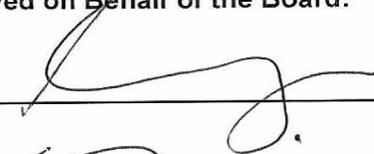
*Franklin, Daurio LLP*

Chartered Professional Accountants, Licensed Public Accountants  
October 18, 2018  
Toronto, Ontario

**Junior Achievement of Central Ontario**  
**Statement of Financial Position**  
As at June 30, 2018

	Note	2018	2017
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 517,500	\$ 350,184
Accounts Receivable	[11]	193,906	298,444
HST Receivable		82,550	85,617
Prepaid Expenses		66,322	84,248
		<b>860,278</b>	<b>818,493</b>
<b>Capital Assets</b>	[3]	-	2,552
<b>Investments</b>	[4]	1,635,740	1,565,677
		<b>1,635,740</b>	<b>1,568,229</b>
<b>TOTAL ASSETS</b>		<b>2,496,018</b>	<b>2,386,722</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current</b>			
Accounts Payable and Accrued Liabilities	[11]	167,447	179,173
Deferred Contributions	[5]	91,000	91,100
<b>Total Liabilities</b>		<b>258,447</b>	<b>270,273</b>
<b>Net Assets</b>			
Unrestricted Net Assets		837,571	716,449
Endowment Fund	[6]	500,000	500,000
Internally Restricted Fund	[8]	900,000	900,000
		<b>2,237,571</b>	<b>2,116,449</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>\$ 2,496,018</b>	<b>\$ 2,386,722</b>

Approved on Behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The accompanying notes are an integral part of these financial statements.

# Junior Achievement of Central Ontario

## Statement of Operations

For the year ended June 30, 2018

	Note	2018	2017
<b>Revenue</b>			
Program designated contributions	[11]	\$ 1,514,183	\$ 1,524,418
Donations and other contributions		223,769	132,186
Special events		644,770	721,543
Investment income	[7]	35,430	58,506
		<b>2,418,152</b>	<b>2,436,653</b>
<b>Expenses</b>			
Program and materials	[11]	1,068,908	1,054,221
Special events		203,049	217,569
Resource development personnel		299,658	305,116
Administrative personnel		420,023	434,824
Office and general		150,796	173,037
Marketing		48,465	94,901
Facilities		149,930	138,908
Amortization of capital assets		2,552	3,568
		<b>2,343,381</b>	<b>2,422,144</b>
<b>Excess of Revenues over Expenses Before the Undernoted Item</b>		<b>74,771</b>	<b>14,509</b>
<b>Unrealized gain on investments</b>		<b>46,351</b>	<b>84,941</b>
<b>Excess of Revenues over Expenses</b>		<b>\$ 121,122</b>	<b>\$ 99,450</b>

The accompanying notes are an integral part of these financial statements.

**Junior Achievement of Central Ontario  
Statement of Changes in Net Assets**

**For the year ended June 30, 2018**

	Unrestricted Net Assets	Internally Restricted	Endowment Fund	2018	2017
<b>Net Assets, Beginning of the Year</b>	\$ 716,449	\$ 900,000	\$ 500,000	\$ 2,116,449	\$ 2,016,999
<b>Excess of Revenues over Expenses</b>	121,122	-	-	121,122	99,450
<b>Net Assets, End of the Year</b>	\$ 837,571	\$ 900,000	\$ 500,000	\$ 2,237,571	\$ 2,116,449

The accompanying notes are an integral part of these financial statements.

**Junior Achievement of Central Ontario**  
**Statement of Cash Flows**  
For the year ended June 30, 2018

	<b>2018</b>	<b>2017</b>
<b>Net Inflow (Outflow) of Cash Related to the Following Activities:</b>		
<b>Cash Provided by (Used in) Operating Activities</b>		
Excess of Revenues over Expenses	\$ 121,122	\$ 99,450
Items Not Involving Cash:		
Amortization of Capital Assets	2,552	3,568
Unrealized Gain on Investments	(46,351)	(84,941)
Changes in:		
Accounts Receivable	104,538	(69,497)
HST Receivable	3,067	(14,180)
Prepaid Expenses	17,926	(19,590)
Accounts Payable and Accrued Liabilities	(11,727)	18,015
Deferred Contributions	(100)	(9,775)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>191,027</b>	<b>(76,950)</b>
<b>Cash Flows from Investing Activities</b>		
Investments, Net	(23,711)	(48,597)
<b>Net Increase (Decrease) in Cash</b>	<b>167,316</b>	<b>(125,547)</b>
<b>Cash, Beginning of the Year</b>	<b>350,184</b>	<b>475,731</b>
<b>Cash, End of the Year</b>	<b>\$ 517,500</b>	<b>\$ 350,184</b>

The accompanying notes are an integral part of these financial statements.

# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## Notes to the Financial Statements

June 30, 2018

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### 1. Purpose of Organization

Junior Achievement of Central Ontario (the "Corporation") was incorporated in Ontario with letters patent as a not-for-profit corporation.

The Corporation offers a variety of business related educational programs to youth in all school boards across Toronto, York, Peel, Halton, Dufferin, Durham and Simcoe regions. Support for these programs is obtained from companies, foundations and individuals. The programs are taught by qualified volunteers from the community. The Corporation is a licensee of Junior Achievement of Canada ("JACAN").

Pursuant to the Income Tax Act (Canada) the Corporation is a tax-exempt registered charity.

### 2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. The significant policies are:

#### a) Revenue Recognition

The Corporation follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions received for restricted purposes are recognized into revenue in the year when the related expense is incurred.

The Internally Restricted Fund represents resources explicitly appropriated by the Board of Directors for purposes described in Note 8.

Restricted interest income is deferred and recognized as revenue in the year in which the related expenses are incurred. Unrestricted interest income is recognized as revenue when earned.

The Endowment Fund represents resources where external and/or internal restrictions require that the principal must be maintained permanently. The investment income generated from the assets held in the Endowment Fund must be used in accordance with the various purposes established by the donor. Where the investment income is to be used for operations, including the delivery of programs, the investment income is recognized as part of Unrestricted net assets.

Contributions received for the Endowment Fund are recognized directly into the Endowment Fund in the Statement of Changes in Net Assets in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## Notes to the Financial Statements

June 30, 2018

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### **b) Contributed Materials and Services**

Contributions of material and services are recorded as revenue at fair value at the date of contribution if fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased. Additionally, the Corporation would not be able to carry out its administrative activities without the services of volunteers who donate a considerable number of hours, including business professionals who directly deliver classroom programs as instructors. Because of the difficulty of determining their fair value, the value of these contributed services are not recognized in the financial statements.

### **c) Financial Instruments**

The Corporation initially measures its financial assets and financial liabilities at fair value. The Corporation subsequently measures all of its financial assets and liabilities at amortized cost, except for its investments, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations. Transaction costs associated with the acquisition of these investments are recognized in the Statement of Operations in the period incurred. All other financial instruments are subsequently measured at amortized cost adjusted by transaction costs, which are amortized over the expected life of the instrument.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include investments.

### **d) Capital Assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at the fair market value at the date of contribution. Amortization is calculated on computer hardware and software, and furniture and fixtures, on a straight-line basis at 33 1/3 % per annum.

### **e) Use of Estimates**

The preparation of financial statements in accordance with Canadian Accounting Standards for Not-For-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those used when accounting for allowance for doubtful accounts. Actual results could differ from management's best estimates as additional information becomes available in the future.

# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## Notes to the Financial Statements

June 30, 2018

### 3. Capital Assets

Capital assets comprises the following:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2018</u>
Computer hardware and software	\$ 162,531	\$ 162,531	\$ -
Furniture and fixtures	6,522	6,522	-
	<b>\$ 169,053</b>	<b>\$ 169,053</b>	<b>\$ -</b>

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2017</u>
Computer hardware and software	\$ 162,531	\$ 160,475	\$ 2,056
Furniture and fixtures	6,522	6,026	496
	<b>\$ 169,053</b>	<b>\$ 166,501</b>	<b>\$ 2,552</b>

### 4. Investments

Investments, which are all measured at fair value, are made up of the following:

	<u>2018 Operations</u>	<u>2018 Endowment</u>	<u>2018 Total</u>	<u>2017 Total</u>
Cash and fixed income	\$ 387	\$ 1,596	\$ 1,983	\$ 4,287
Canadian money market funds	194,018	111	194,129	196,013
Mutual funds	845,685	593,943	1,439,628	1,251,709
Equities	-	-	-	113,668
	<b>\$ 1,040,090</b>	<b>\$ 595,650</b>	<b>\$ 1,635,740</b>	<b>\$ 1,565,677</b>

Investments held for the Endowment Fund total \$595,650 (2017 - \$567,385) (Note 6). This amount represents the fair value of the investments, which includes an accumulated unrealized gain on the investments held in the Endowment Fund of \$25,180 (2017 - \$6,737), and the portion of investment income not distributed to the operating bank account of \$70,470 (2017 - \$60,648). The investment income and unrealized gain on investments have been recognized in the Statement of Operations as part of Unrestricted Net Assets.

# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## Notes to the Financial Statements

June 30, 2018

### 5. Deferred Contributions

Deferred contributions are made up of the following:

Deferred contributions:		<u>2018</u>		<u>2017</u>
- Program Sponsorship	\$	38,000	\$	43,700
- Governors' Dinner		45,000		30,000
- Other		8,000		17,400
	\$	<u>91,000</u>	\$	<u>91,100</u>

Deferred contributions are funds received in advance of the year to which they relate, and are recognized in their entirety in the following fiscal year.

### 6. Endowment Fund

The Endowment Fund consists of externally restricted contributions received by the Corporation where the endowment principal is required to be invested by the Corporation in perpetuity. The Endowment Fund may also include internal amounts transferred by the Board to the Endowment Fund, with the intention that the principal be invested in perpetuity. The investment income generated from the assets held in the Endowment Fund must be used in accordance with the various purposes established by the donor.

The Endowment Fund currently consists of The Gary and Joanne Reamey Family Endowment, which was established during fiscal 2013, by the contribution of \$500,000 to the Corporation. Its purpose is to fund and support the Corporation's financial literacy, entrepreneurial, and work readiness objectives, for the benefit of grades 3 to 12 students attending school in the region covered by the Corporation's charter. The investment income generated by The Gary and Joanne Reamey Family Endowment is to be used by the Corporation for these programming objectives.

Net investment income of \$13,790 (2017 - \$20,184) and an unrealized gain on the Endowment Fund investments of \$18,445 (2017 - \$28,588) have been recognized in the Statement of Operations, in Investment income, and Unrealized gain on investments, respectively.

# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## Notes to the Financial Statements

June 30, 2018

### 7. Investment Income

Investment income is made up of the following:

	<u>2018</u>	<u>2017</u>
<b>Investment income from Operations</b>		
Dividend income	\$ 40,632	\$ 39,957
Interest income	788	(16)
Loss on sale of investments	(19,780)	(6,051)
	<u>21,640</u>	<u>33,890</u>
<b>Investment income from Endowment Fund</b>		
Dividend income	\$ 26,976	\$ 23,010
Interest income	-	1,606
Loss on sale of investments	(13,186)	-
	<u>13,790</u>	<u>24,616</u>
<b>Total investment income</b>	<b>\$ 35,430</b>	<b>\$ 58,506</b>

### 8. Internally Restricted Fund

Junior Achievement of Canada ("JACAN") has a guideline specifying that each Junior Achievement charter should maintain a minimum of 50% of the prior fiscal year's operating expenses (less amortization and special events expenses) in a Contingency Fund, to ensure the charters' continuity in the event of adverse economic conditions or emergencies. In response to the JACAN guideline, the Corporation's Board of Directors established a Contingency Fund to provide a reserve to be used in emergency situations and also to fund any operating shortfalls, specific projects or other contingencies. The Board of Directors reviews and determines the appropriate fund balance annually based on economic conditions and the JACAN guideline. In fiscal 2017, the Corporation's operating expenses, less amortization and special events expenses, totaled \$2,156,000 (2016 - \$1,940,000), resulting in an indicated Contingency Fund balance at June 30, 2018 of \$1,078,000 (2017 - \$970,000) under the JACAN guideline. At June 30, 2018, the Contingency Fund balance was \$900,000 (2017 - \$900,000) and is invested in investible assets. There are no consequences to the Corporation when the Contingency Fund balance is less than the JACAN guideline amount - at June 30, 2018, the Corporation is \$178,000 under (2017 - \$70,000 under) the JACAN guideline.

# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## Notes to the Financial Statements

June 30, 2018

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### 9. Commitments

The Corporation is committed under operating lease agreements for equipment and premises to base rental payments as follows:

2019	\$	77,064
2020		77,064
2021		78,081
2022		80,116
2023		39,612
	\$	<u>351,937</u>

Additionally, the Corporation has engaged a consultant to provide public affairs counsel. The Corporation has agreed to a fee of \$5,000 a month plus HST for the contract period from July 2018 through to the end of June 2019, plus out of pocket expenses.

### 10. Credit Facility

The Corporation has available an unsecured line of credit facility of \$50,000, of which \$Nil was drawn at June 30, 2018 (2017 - \$Nil). The line of credit when drawn, bears interest at the bank's prime rate plus 4%.

### 11. Related Party Transactions

The Corporation is a separate charter acting under an operating agreement with JACAN. During the year, the Corporation paid \$98,202 (2017 - \$102,477) for charter fees, \$178,001 (2017 - \$206,872) for supplies, services and other expenditures, and \$21,640 (2017 - \$-) for account administration fees related to organizations that contribute, and are managed, at a national level. The charter fees and the supplies, services and other expenditures are included in Programs and Materials in the Statement of Operations. The account administration fee is included as a reduction of program designated contributions in the Statement of Operations. All transactions were measured at the exchange amount, and were in the normal course of operations.

Included in accounts payable at June 30, 2018 is \$13,520 (2017 - \$24,230) owed to JACAN.

Included in accounts receivable at June 30, 2018 is \$7,272 (2017 - \$161,984) owed from JACAN.

# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## Notes to the Financial Statements

June 30, 2018

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### 12. Financial Instrument Risk Disclosure

The significant financial risks to which the Corporation is exposed are:

a) **Interest rate risk:**

Interest rate risk is the sensitivity of the investment portfolio to fluctuations in market interest rates. The Corporation mitigates its interest rate risk by an investment policy to vary the maturity dates of its investments.

b) **Credit risk:**

Credit risk is the ability of the issuer of the investment to make interest payments and repay the principal. The Corporation manages its credit risk on its investment portfolio by limiting its investments to those issued or guaranteed by federal or provincial governments along with major Canadian banks and corporations.

Financial instruments which potentially subject the Corporation to concentrations of credit risk consist primarily of accounts receivable. Management has reviewed the collectibility of its accounts receivable, and has provided an allowance for doubtful accounts of approximately \$5,600 (2017 - \$11,600).

c) **Liquidity risk:**

Liquidity risk is the risk that the Corporation will not be able to meet its obligations associated with the financial liabilities. The Corporation manages its liquidity risk by monitoring its operating requirements, and prepares budgets to ensure it has sufficient funds to fulfill its obligations. Additionally, the Corporation maintains a Contingency Fund in the event of adverse economic conditions or emergencies.

d) **Other price risk:**

The Corporation is not subject to other price risk as it has no investments in the stock market.

Price risk is the sensitivity of the investment portfolio to fluctuations in the stock market prices. There is a direct relationship between stock market performance and the value of the Corporation's investment portfolio. The Corporation mitigates this risk by varying its investments and using professional money managers..

There have been no changes in the Corporation's risk exposures from the prior year.

### 13. Comparative Figures

Certain reclassifications of the prior year's amounts have been made to facilitate comparison with the current year's presentation.